

# PRINT · PACKAGING

FIRST QUARTER

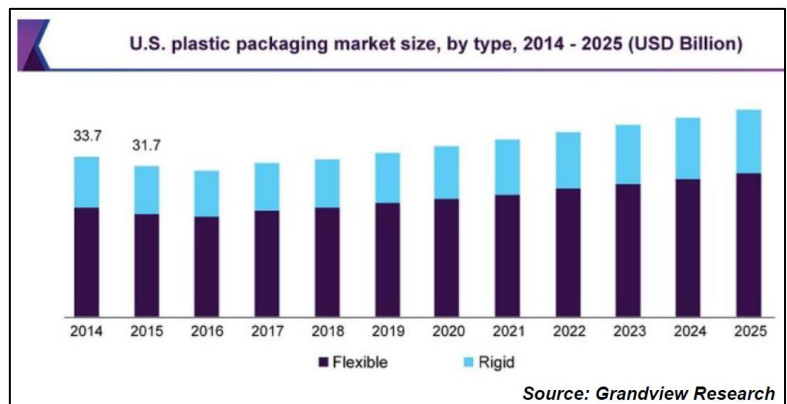
2019

The Print & Packaging Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Print & Packaging category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Print | Packaging M&A

M&A activity for North American based target companies in the Print and Packaging sector for Q4 2018 included 28 closed deals, according to data published by industry data tracker *FactSet*.

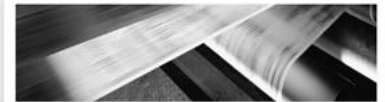
One of the notable middle market transactions closed in December when New-Indy Catawba LLC, a subsidiary of New-Indy Containerboard LLC, itself a joint venture between Schwarz Partners LP and The Kraft Group LLC, acquired the business and assets related to the Paper & Pulp Mill division from Resolute FP US, Inc., a subsidiary of Resolute Forest Products, Inc. for US\$260 million in cash and US\$40 million in assumed liabilities, subject to customary closing adjustments. The acquisition would complement the containerboard manufacturing business of New-Indy Containerboard LLC. The assets and business related to the Paper & Pulp mill business of Resolute Forest Products Inc is located in Catawba, South Carolina.



According to data from *Grandview Research*, the global plastic packaging market is expected to reach \$269.6 billion by 2025 with a compound-annual growth rate of 3.9%. The growth is expected to be driven by use of plastic packaging in food and beverages, personal care, household care, consumer electronics and construction.

## Transactional Overview

Notable closed lower middle market transactions for the period in the Print and Packaging sector include: **December 2018** - Oliver Printing Co, Inc., a portfolio company of Pflingsten Partners LLC and Dunsirn Partners LLC, acquired Disc Graphics, Inc., a portfolio company of Main Street Resources LLC for an undisclosed amount. Oliver Printing & Packaging Co. provides printing services. Disc Graphics provides printing and packaging services. The firm manufactures specialty paperboard packaging products such as prerecorded video sleeves, compact disc, audio cassette packaging and book publishers. The company was founded in 1969 and is headquartered in Hauppauge, NY.



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**November 2018** - Orora Ltd acquired Pollock Paper Corp for US\$82.5 million in cash and contingent payout. Under the terms of transaction, Orora paid US\$75.5 million in cash and US\$7 million in contingent payout. The acquisition would increase Orora's geographic presence across several states. Orora engages in the manufacturing and distribution of fiber, glass and aluminum beverage cans. Pollock Paper provides packaging and facility supplies. It serves building service contractors, property management, manufacturing, food processing, distribution, warehousing, education, government and healthcare industries. The company was founded in 1918 and is headquartered in Dallas, TX.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Westrock Co. /Packaging Plant	QTS Realty Trust, Inc.
Advanced Fiber Technology, Inc.	Installed Building Products, Inc.
Austin Label Co. LLC	Main Post Partners, L.P.; Fortis Solutions Group LLC
Dominion Packaging, Inc. / QSR business/	PPC Partners Ltd.; LBP Manufacturing LLC
New Leaf Paper, Inc.	FutureStake, Inc.
Clarion Packaging LLC	Cascades, Inc.
Huffman LLC	Optomec, Inc.
Pak-Rite Ltd.	Universal Forest Products, Inc.

**October 2018** - Rohrer Corp, a portfolio company of ShoreView Industries, LLC, acquired Transparent Container Co., Inc. for an undisclosed amount. Rohrer engages in the manufacture and supply of retail consumer packaging solutions. Transparent Container engages in the manufacture of plastic and paperboard retail packaging. Its services include blister packaging, folding cartons, clamshells packaging, protective packaging, hybrid packaging, displays, rounds and stock solutions. The company was founded in 1961 and is headquartered in Addison, IL.

## Industry Update

Amid slow growth for traditional printing services, printers may invest in new technologies, including digital textile printing, that offer greater potential for sales growth. Global demand for digital textile printing is projected to rise more than 16% per year through 2027, according to a recent report by Future Market Insights. The global market for digital textile printing was valued at just over \$1 billion in 2017; the most common methods for digital textile printing are direct-to-fabric and direct-to-garment. Millennials are forecast to be a key driver of demand as they seek out distinctive apparel and textile designs. In addition to apparel, key customer markets include food and beverage, personal care, pharmaceuticals, and automotive as these industries increasingly turn to digital textile printing to differentiate their products through innovative packaging, point-of-sale displays, and promotional banners. China is the largest market for digital textile printing, followed by India.

## Industry Indicators

- US corporate profits, an indicator for corporate demand for printing services, rose 10.3% in the third quarter of 2018 compared to the same period in 2017.
- US nondurable goods manufacturers' shipments of printed goods, an indicator of demand for commercial printing, rose 1.3% year-to-date in October 2018 compared to the same period in 2017.
- The spot price of crude oil, a key cost factor in commercial printing operations, fell 19.7% in the week ending January 11, 2019, compared to the same week in 2018.

The Print & Packaging Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Print & Packaging Practice Group provides M&A advice to public and private companies in all sectors of the print and packaging industries, including flexible packaging, paper and durable labels, packaging equipment, materials and supplies, pulp and paper mills and commercial printing. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

